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Philadelphia. Dept. of City Transit.

Statement of A. Merritt Taylor...

Philadelphia

1915

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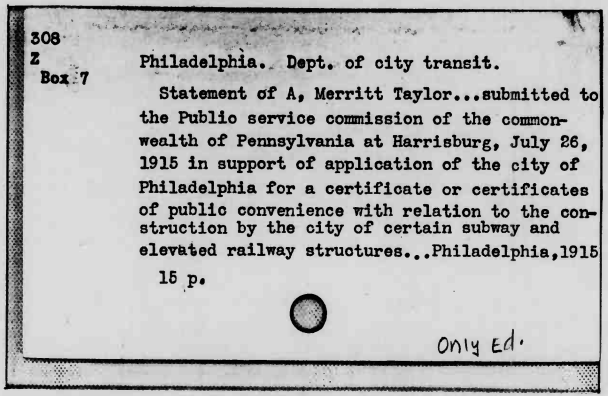

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Philadelphia. Dept. of city transit.

Statement of A, Merritt Taylor...submitted to the Public service commission of the commonwealth of Pennsylvania at Harrisburg, July 26, 1915 in support of application of the city of Philadelphia for a certificate or certificates of public convenience with relation to the construction by the city of certain subway and elevated railway structures...Philadelphia,1915

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Department of City Transit

City of Philadelphia

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Statement of A. Merritt Taylor
Director of the Department of City Transit
City of Philadelphia
Submitted to
The Public Service Commission of the
Commonwealth of Pennsylvania
at Harrisburg, July 26, 1915
in Support of Application of the
City of Philadelphia
for a Certificate or Certificates of
Public Convenience with Relation to the
Construction by the City of Certain Subway
and Elevated Railway Structures

Philadelphia, July 26, 1915

Department of City Transit

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Note—The Exhibits referred to herein are too voluminous for publication.

Philadelphia, July 26, 1915

HARRISBURG, PA., July 26, 1915.

To the Public Service Commission,
Commonwealth of Pennsylvania:

On May 27, 1912, Hon. Rudolph Blankenburg, Mayor of Philadelphia, appointed a Transit Commissioner to investigate the problems of improved transit facilities for Philadelphia, with a view of determining advisable means for obtaining rapid, efficient and cheap transit throughout the City and its suburbs by the use of subways or other approved modern methods, to consider fully the question of public and private ownership and the financial and economic aspects of the problem, and to prepare a report covering the investigation and to recommend ways and means whereby efficient rapid transit commensurate with the present and future needs of the City and its suburbs may be secured within a reasonable number of years.

In pursuance of this appointment, the Transit Commissioner assembled a complete organization of specialists trained in the various technical lines involved, proceeded with the undertaking and filed a report dated July 24, 1913 (Exhibit "E"), embodying his recommendations.

The cost of the investigation and report (about $125,000) was defrayed by appropriations made by City Councils for that purpose.

Previous to filing the report, recommendations were made by the Transit Commissioner outlining legislation which should be enacted to clothe the City with the necessary legal authority and financial ability to establish adequate rapid transit facilities. All of such legislation was enacted by the Legislature of the Commonwealth of Pennsylvania.

This legislation comprises:

1. An Act approved June 17, 1913, empowering cities of the first class to purchase, lease, locate, construct and equip, or otherwise acquire transit facilities, and to own, maintain, use and operate the same within their corporate limits and within the limits of adjacent cities, boroughs and townships.

2. A supplement to the Bullitt Bill, approved May 9, 1913, creating a Department of City Transit to have charge, control and management of the transit facilities of cities of the first class.

3. An Act, approved June 17, 1913, entitled an Act to provide revenue for State and County purposes, and, in cities co-extensive with counties, for city and county purposes; imposing taxes upon certain classes of personal property; providing for the assessment and collection of same * * * *.

This Act made personal property taxable for City and County purposes instead of for State purposes, and thus brought personal property within that classification of taxable property which forms the basis of the City's borrowing capacity.

The validity of this Act and its efficacy for the purpose stated have been sustained by the decision of the Supreme Court in the case of McGuire *vs.* Philadelphia, 245 Pa. 310.

A joint resolution proposing an amendment to the Constitution was also submitted to the Legislature and passed at the session of 1913; it was passed for a second time at the session of 1915.

This proposed amendment will be submitted to the electors at the forthcoming general election.

The purpose of this Constitutional amendment is to give the City a special borrowing capacity which may be drawn upon and utilized for the financing of transit and port developments under most favorable conditions.

Although the City already has adequate borrowing capacity to build and complete the Broad Street Subway and Frankford Elevated structures, this proposed Constitutional amendment, if adopted, will enable the City to finance the bulk of the construction cost on more favorable terms and to secure adequate funds on a satisfactory basis for the building of additional subway and elevated railway lines and extensions when and as needed in the future.

On July 10, 1915, the City of Philadelphia, acting through the Department of City Transit, filed its petition for certificate, or certificates, of public convenience with the Public Service Commission of the State of Pennsylvania.

The City now has unused borrowing capacity of $43,549,828.08, including the $6,000,000 already appropriated toward the construction of the Broad Street Subway, including a Northeasterly Elevated Branch and Frankford Elevated structures, the cost of which, including interest during construction, will be $40,956,000. As pointed out by the City Controller, this available borrowing capacity will be augmented by about $6,000,000 as soon as arrangements can be made with the School District of Philadelphia to issue a sufficient amount of debt to pay the City the net school indebtedness now outstanding, amounting to $6,000,000.

The normal annual increase in the City's borrowing capacity due to the operation of the Sinking Fund is $4,673,800.

The normal annual increase in the City's borrowing capacity due to the normal increase in taxable values is $4,550,000.

Thus the abnormal annual increase in the City's borrowing capacity is $9,223,800.

These figures do not take into consideration the increase in the City's borrowing capacity which will result from the abnormal increase in taxable values due to the establishment of the recommended high-speed lines.

On July 1, 1913, the Department of City Transit was organized

and proceeded, by virtue of appropriations made by City Councils, to design the facilities recommended in the Transit Commissioner's report.

This Department, which comprises a thoroughly equipped technical organization now exceeding 100 men, will have expended, including the appropriation for 1915 (upon which there will be some saving), $629,692.75 in making the necessary investigations and in designing the Broad Street Subway and Frankford Elevated structures.

The expenditures made by the Department of City Transit and by the Transit Commissioner are cited to show that the City has made a most exhaustive and thorough analysis of its transit requirements, and has forwarded the preparation of detailed plans and specifications therefor to an advanced stage.

The Department of City Transit represented to City Councils the immediate importance of relocating at a greater depth and enlarging sewers in the central business district preliminary to the construction of the Broad Street Subway, in accordance with the general plans of the City for an improved sewer system, to clear the way and to provide drainage for the subway. Accordingly an item of $500,000 for the reconstruction and relocation of sewers in the central portion of the City was included in an ordinance approved September 24, 1914, signifying the desire of the corporate authorities of the City of Philadelphia to increase the indebtedness of the City and submitting the question to the electors.

In pursuance of the terms of this ordinance the electors at the general election held on November 3, 1914, authorized the increase in the City's indebtedness, and City Councils, by ordinance approved January 25, 1915, appropriated the $500,000 to the Department of City Transit for the purpose of relocating and enlarging the sewers.

Contracts were let promptly by the Department of City Transit for the work specified, which is now nearing completion.

The Department of City Transit made a special report, by request, to City Councils on February 11, 1915, embodying the recommendations of the Department and details relevant thereto, and requesting City Councils to provide for the holding of a special election to authorize an increase in the City's indebtedness to the extent of at least $6,000,000 to provide money for the beginning of the transit development.

In pursuance of this request, City Councils passed an ordinance approved March 8, 1915, authorizing a special election to be held on April 29, 1915, at a cost of about $150,000, for the purpose of obtaining promptly the assent of the electors to an increase in the City's indebtedness in the sum of $6,000,000, to be used toward the construction of a subway railway in Broad street between League Island and Olney avenue with the necessary branch lines northeast and northwest from Broad street, and the construction of an elevated railway from Front and Arch streets to Rhawn street.

For many months prior to the holding of the election the De-

partment of City Transit was engaged in disseminating information to the public with relation to the character and location of the recommended high-speed lines, the method of financing the cost, the estimated results of operation and the advantages which will accrue to the public by reason of their establishment by the City. Mass meetings, at which the Department of City Transit was represented, were held under the auspices of labor unions, local business, civic and improvement associations in nearly every section of the City, and the larger central organizations interested in the development of Philadelphia held mid-day meetings to hear of the Department's plans. At these meetings the plans for transit development and details relating thereto were fully discussed and considered.

The plans of the Department of City Transit were endorsed by many organizations, including the following:

Allied Business Men's Association of West Philadelphia.
Public mass meeting at Academy of Music, January 14, 1915.
Bricklayers' Union No. 1 of Pennsylvania.
Business Men's and Taxpayers' Association of Darby.
Business Men's and Taxpayers' Association of Frankford.
Business Science Club of Philadelphia.
Bustleton Detective Horse Company.
Central Labor Union.
Chamber of Commerce.
Chestnut Street Business Men's Association.
Civic Association of the Fourteenth Ward.
East Germantown Improvement Association.
Falls of Schuylkill Business Men's Association.
Fifty-second and Market Streets Business Men's Association.
Forty-ninth Street Station Association.
Fox Chase Improvement Association.
Germantown and Chestnut Hill Improvement Association.
Business Men of Susquehanna Avenue.
Hunting Park Improvement Association.
International Brotherhood of Boiler Makers, Iron Ship Builders and Helpers of America.
International Union of Steam Engineers.
Larchwood Avenue Improvement Association.
Logan Improvement League.
Manayunk Business Men's Association.
Merchants' and Manufacturers' Association of Philadelphia.
North Penn Improvement Association.
Olney Improvement Association.
Operative Plasterers' Union No. 8.
Philadelphia Board of Trade.
Philadelphia Hardware Association.
Philadelphia Maritime Exchange.
Philadelphia Produce Exchange.
Philadelphia Real Estate Brokers' Association.

Anna M. Ross Post No. 94, G. A. R.
Sherwood Improvement Association.
Sixtieth and Market Streets Business Men's Association.
Southwestern Business Men's Improvement Association.
Stenton Improvement Association.
The Master Builders' Exchange.
The Roslyn Improvement and Protective Association.
Tioga Business Men's Association.
Twenty-first Ward Board of Trade.
United Business Men's Association.
Woodland Avenue Business Men's Association.
Kensington Board of Trade.
North Kensington Avenue Business Men's Association.
Northwest Business Men's Association.
Hardware Men's Association.
Employees' Association for Development of League Island.
Oak Lane Park Association.
Philadelphia Credit Men's Association.
Traffic Club.
Frankford Board of Trade.
Northeast Forty-third Ward Improvement Association.
Hoisting Engineers' Union.
Stone Masons' Union.
Metal Trades Union.
Employees' Association, Frankford Arsenal.
Fifty-seventh Street Improvement Association.
Bridesburg Improvement Association.
Fern Rock and Branchtown Improvement Association.
South Philadelphia Advancement Association.

The only important condition attached to any of these endorsements recommended that the Broad Street Subway be extended to Olney avenue. This suggestion has been adopted.

At the special election held on April 29, 1915, the vote in favor of the $6,000,000 loan was 84,545—opposed to the loan 9,110.

Subsequent to this election City Councils passed:

An ordinance authorizing the Department of City Transit to construct a portion of the subway railway to be established in Broad street between League Island and Olney avenue and appropriating $3,000,000 for that purpose. This ordinance was approved July 2, 1915.

Also, an ordinance authorizing the Department of City Transit to construct a portion of the elevated railway to be established from Front and Arch streets to Rhawn street and appropriating $3,000,000 toward that purpose. This ordinance was approved July 2, 1915.

On July 2, 1915, the Department of City Transit advertised for bids for the construction of the City Hall section of the Broad Street Subway, bids to be opened on August 16, 1915.

On July 8, 1915, the Department of City Transit advertised for

bids for the construction of concrete column foundations and piers for about 26,000 lineal feet of elevated railway in Front street, Kensington avenue and Frankford avenue, bids to be opened August 16, 1915.

In both of the foregoing advertisements appeared the following statement: "The plans as issued are subject to approval by the Public Service Commission of the State of Pennsylvania before award of contract."

Therefore, subject to the issuance of the certificate of public convenience by the Public Service Commission, the Department of City Transit will be prepared to award the contracts for all of the work authorized on the Broad Street Subway and for the foundations for the Frankford Elevated structure on August 16, 1915, at a time when the prices asked for such construction are abnormally low, owing to business depression.

The location of the proposed lines and the necessity therefor from the standpoint of service, accommodation, convenience and safety of the public was determined as follows:

The location of the population of Philadelphia as of 1912 was accurately ascertained by methods described in Appendix "C" of the 1914 Annual Report of the Department of City Transit (Exhibit "F"), which accompanied the application submitted to the Commission.

On a specially prepared map of the City, divided into Traffic Sections, generally one mile square, the exact location of the City's population was charted in units of 100, each expressed by a dot.

Upon this map all of the existing transportation lines were also drawn, showing the relation of these lines to the City's population.

A complete traffic survey was then made by the methods described in Appendix "C" of the 1914 Annual Report (Exhibit "F"), which developed the points of origin and destination of all traffic flowing via each route within the City on a normal business day.

This information was assembled by the methods described in detail in Appendix "C" of the 1914 Annual Report (Exhibit "F") by Traffic Sections, and developed the number of passengers originating in each traffic section, the population of which had been previously ascertained. The number of rides per capita originating in each traffic section was then calculated.

This information was assembled in such form as to show also the volume of traffic flowing from each traffic section to every other traffic section and the routes by which it flowed.

To express this traffic flow throughout the entire City in the manner described required the preparation of 113 maps, or one map for each traffic section, as a base illustrating the flow from such traffic section to each of the other traffic sections of the City.

The time required to travel between each traffic section and each other traffic section by means of the then existing facilities was next ascertained.

The areas available for future residential development were charted, the water areas, public parks, cemeteries, etc., being excluded.

The future growth of population of the City was carefully projected by the methods described in Section "X," page 108 of the Transit Commissioner's Report (Exhibit "E"), and the probable distribution of such increased population was projected as nearly as practicable.

The foregoing information developed the general locations where additional transit facilities are presently and prospectively required for the proper service, accommodation and convenience of the traveling public, and to supplement properly the existing system, and to relieve the congestion and inconvenience due to slow speed necessarily maintained on the surface routes. The surface lines now serve a large volume of long distance traffic which is being seriously inconvenienced by the slow speed of the surface cars.

With the general location of the required additional lines thus ascertained, careful investigations were made and the exact routes, as shown on map (Exhibit "J"), were determined with due regard to existing lines, to local conditions and to obstructions.

The Broad Street Subway was designed to extend from Government avenue on the south under Broad street to Pike street on the north, with a delivery loop, and two elevated branches from Pike street extending northeast and northwest.

The Frankford Elevated Line was designed to extend from Front and Arch streets via Front street, Kensington avenue and Frankford avenue to Frankford.

The Woodland Avenue Elevated Line was designed to extend from Thirtieth and Market streets over private right-of-way and Woodland avenue to Darby.

The Parkway Subway was designed to extend from City Hall Station of the Broad Street Subway beneath the Parkway, there connecting with an elevated structure over Twenty-ninth street and Henry avenue to Roxborough.

The running time of each line between projected stations was calculated, and the exact time saving which will result from the operation of the recommended lines between the traffic sections of the City affected thereby was carefully calculated.

Thus, with exact knowledge as to the volume of the present flow of traffic between the different traffic sections of the City and the time required to travel via existing lines, the exact time saving to passengers affected which will result from the establishment of the recommended high-speed lines was developed, and also the amount of time which will be saved by all of the present passengers affected was calculated and expressed in minutes per day.

The next step was to estimate the amount of traffic which will be obtained by the recommended lines; the method used is set forth in Section VI, page 78, of the Transit Commissioner's Report (Exhibit "E").

From actual experience in West Philadelphia it was found that

the amount of traffic diverted from surface lines to high-speed lines varies with the amount of time saved, and upon this basis, developed by observation in West Philadelphia, and with due regard to the increased number of rides per capita which always results from the establishment of rapid transit facilities, the amount of traffic which will be gained by the recommended high-speed lines was projected with reasonable accuracy.

Having thus developed the amount of traffic which the new lines will have to handle, and with knowledge of the characteristics of travel between the different traffic sections, train schedules were laid out to serve that traffic adequately.

The number of car miles and car hours to be operated was then calculated.

The unit cost of the various items entering into the cost of operation, including the cost of power to be purchased, was estimated, using the operating costs of the Market Street Subway-Elevated Line and of the subway and elevated lines in New York, Chicago and Brooklyn as a check.

These operating costs are set forth in Statements 41 to 46 inclusive, pages 209-214 of the Transit Commissioner's Report (Exhibit "E").

The construction costs and fixed charges were then calculated.

Thus the location, character, cost, traffic, gross earnings, cost of operation, fixed charges and the net result of each recommended facility have been carefully determined.

Complete reports have been made to the Mayor and to City Councils and published which embody every detail of the Department's calculations and recommendations.

City Councils, as stated, have appropriated the necessary money for the beginning of construction of the Broad Street Subway and the Frankford Elevated structures. Some changes were made in the routes recommended by the Department of City Transit, but none of these changes is inconsistent with the ultimate carrying out of the broad plan for transit development as recommended.

The cost of the Broad Street Subway as designated by City Councils, including the northeasterly spur and interest during construction, will be $32,646,000.

The cost of the Frankford Elevated Lines as designated by City Councils, including interest during construction, will be $8,310,000.

These estimates of cost of construction are computations upon actual plans made after surveys, borings and measurements of the streets to be traversed had been made and detailed profiles of the proposed railways and complete designs of structures had been worked out. The quantities of all classes of materials are computable from the plans, and prices applied were based on experience with similar work previously done in Philadelphia, and upon current prices bid upon similar work in other cities, which were made available to the Department of City Transit. The calculations comprehended actual required

quantities of excavation, concrete, steel work, sewers, underpinning of adjacent buildings, filling and paving over and all the miscellaneous branches of necessary appurtenant work, and include the expense of engineering, organization and administration, and interest charges during the time of construction, but not sinking fund charges.

In the estimate of right-of-way costs every property affected was listed, and for real estate required to be taken 33 per cent. was added to its assessed valuation. For easements, about one-third of the assessed valuation was allowed.

If the "Chestnut Street Subway" should be built from Front and Arch streets to Chestnut street and thence beneath Chestnut street westward to Fifteenth street to afford terminal facilities for the Frankford Elevated service, the additional construction cost would be $5,974,000.

This, however, would only become necessary in the unlikely event of the City being unable to enter into an agreement with the Philadelphia Rapid Transit Company either for the equipment and operation of the Broad Street and Frankford Lines, or for trackage rights for the Frankford Line through the present Market Street Subway, which has more than adequate capacity for that service.

The operation of the Broad Street Subway will reduce the time required to travel from City Hall to Broad street and Olney avenue from 43 minutes to 22 minutes—a saving of 42 minutes on the round trip.

From City Hall to the Philadelphia Navy Yard from 28 minutes to 17 minutes—a saving of 22 minutes on the round trip.

The Broad Street Subway will serve 930,000 people, and will save 25,000 hours per day to the traveling public which will use it.

The Frankford Elevated will reduce the time required to travel from City Hall to Frankford from 55 minutes to 30 minutes—a saving of 50 minutes on the round trip.

The Frankford Elevated will serve 368,000 people, and will save 11,000 hours per day to the traveling public which will use it.

These facilities under various modes of operation will produce the financial results enumerated in Exhibits "B," "C" and "D."

The design of both of these facilities has been adopted after a careful study of the design of similar facilities in Greater New York, Chicago, Boston and in European cities, and both the location and design thereof are of a character best suited to the local conditions, to future joint operation of all the high-speed lines of the City as a unit, or to independent operation if necessary.

The population of Philadelphia is increasing about 30,000 per year.

The rapid increase in the area of the built-up portion of the City, and the consequent increase in the distance people must travel to and fro, has imposed burdens upon surface facilities which they are incapable of handling with economy and dispatch.

The population, present and prospective, tributary to the Broad

Street Subway and Frankford Elevated Lines will be adequately served thereby.

There is already a marked tendency in Philadelphia, brought about by inadequate transit facilities, for population to concentrate in flats and tenements.

The development of these initial lines of high-speed travel will enable a vast number of present and future residents of Philadelphia to establish permanent individual homes in the outlying districts thus made available, from which they can reach the most important centers of employment and of amusement and recreation.

They will enable the people now occupying a large portion of the densely built-up section of the City to reach the parks and recreation centers in the outlying sections with facility.

They will benefit both the employer and employee by bringing a vast number of people in close contact with places of employment in the various sections of the City served thereby. The field of opportunity for employment of individuals at points remote from their established homes will thus be greatly broadened, and employers will be able to draw upon remote sections of the City for help.

When Philadelphia ultimately gains a complete rapid transit system, every important section of the City will be brought in close contact with every other important section of the City, with the resultant advantages to the entire population.

It would be difficult to over-estimate the advantage of making Philadelphia's population absolutely mobile, so that varying local conditions affecting trade and employment may be balanced by reason of every individual and every place of employment in the City being placed within ready access of one another.

The high-speed lines will greatly enhance the taxable value of real estate, and hence the revenue derived by the City from that source, as well as the City's borrowing capacity, which is based thereon, as shown in Section IX, page 100, of Transit Commissioner's Report (Exhibit "E").

The lines as planned have been designed to connect up the Philadelphia Navy Yard with the railroad terminals, and provision has been made in locating the future lines to connect the various railroad terminals with each other.

The South Broad street section of the subway is highly important to the future development of the Philadelphia Navy Yard as the great naval base of the East.

It will enable troops to be moved promptly to and from all of the railroad terminals, and it will enable the Navy Yard to draw upon all sections of the City for skilled mechanics and other help.

These lines will afford people the opportunity of high-speed travel to and fro regardless of weather conditions and delays necessarily incident to surface car travel, especially in winter, with stations to wait in.

A generation ago the development of city transportation systems was left entirely to private corporations. In recent years the larger American cities—Greater New York, Chicago, Boston and Cincinnati —have all found it necessary to take a hand in establishing modern transit facilities of the character required to handle the enormous growth of traffic effectively.

The net return from the early years of operation of rapid transit facilities is generally insufficient to pay the interest on the cost thereof. Therefore it is generally impossible to secure their establishment by private corporations without municipal aid. A city borrows money on much more favorable terms than private corporations can secure, and a large city secures from the establishment of rapid transit facilities collateral returns to the city treasury and to the citizens which fully justify it in constructing these facilities.

Large cities are now experiencing great difficulty in providing such facilities rapidly enough to keep pace with the growth of traffic.

Greater New York, with the co-operation of the companies, has in use and under construction 633 miles of elevated and subway tracks, representing a total investment of approximately $661,000,000.

In Chicago there have been constructed and recommended for construction 275 miles of elevated and subway track, representing an approximate expenditure of $229,000,000.

In Boston the city and the local corporation have in use and under construction 36 miles of high-speed elevated and subway track at a cost of approximately $59,000,000.

Philadelphia has as its high-speed system a single line on Market street, comprising less than 15 miles of track and representing an investment of approximately $17,000,000.

The metropolitan district of Philadelphia has within 16 miles of City Hall a population of over 2,077,287—in other words, a population one-third as great as that of New York, almost as great as Chicago, and one-fourth greater than Boston, and a land area available for development in this metropolitan district of from 25 to 75 per cent. greater than that of New York, of Chicago or of Boston.

Philadelphia has an insignificant fraction of the high-speed trackage and investment in high-speed lines which has been provided and is contemplated by these other municipalities.

It is well known and generally apparent that the difficulty, inconvenience and delay in traveling between various sections of the City have become burdensome and that they are retarding the City's proper development; they are increasing daily on account of the increasing congestion of traffic on surface lines, increasing vehicular traffic and the increased length of ride resultant from the City's growth. The placing of long distance travel above or beneath the streets will greatly relieve street congestion, and the new lines will solve serious municipal problems of proper public service.

It will appear from Exhibits "B," "C" and "D," submitted with the application to the Commission, that under the most disadvantageous

conditions of operation the small deficit which the City may have to assume after meeting the full interest and sinking fund charges on the Broad Street Subway and Frankford Elevated Lines will be much more than offset by the increase in tax payments to the City Treasury resultant from the abnormal increase in taxable values due to the establishment of the Broad Street Subway and Frankford Elevated Lines, without taking into consideration the value of time and money saved to the traveling public as set forth in the said exhibits.

It is obviously difficult for any city to negotiate any satisfactory tentative lease or agreement with a corporation for the equipment and operation of subway and elevated railway lines until the establishment of such lines by the city has been assured.

Thus, Philadelphia is proceeding in the same course which was followed recently in New York in the cases of the Center Street Loop and the Fourth Avenue (Brooklyn) Subway, by first beginning work, thereby assuring the establishment of the facilities which the city proposes to lease to a corporation (preferably the Philadelphia Rapid Transit Company) for equipment and operation.

It is by this method only that the City can obtain the much needed rapid transit facilities promptly and avail itself of the present low prices of construction.

If the City should be unable to negotiate a proper arrangement with the Philadelphia Rapid Transit Company (which contingency is unlikely if the construction of the lines be begun), an independent operator can be readily secured to equip and operate these lines. The City would be able to offer a proposition to such independent operator whereby as a first charge on the income there may be allowed the operator an amount equal to the interest charge on equipment furnished plus an amount necessary to amortise the operator's equipment investment plus reasonable compensation to the operator.

Such a contract with the City of Philadelphia, together with the equipment furnished, would afford adequate collateral to the operating company upon which to borrow the cost of equipment.

While the question of operation is not before the Commission at this time, as it must necessarily come before the Commission later, it is only proper to show that it has not been lost sight of and that the interests of the City will be in no way imperilled by proceeding with the construction forthwith.

I have endeavored to show by this statement and by the various exhibits accompanying the application made by the City to your Honorable Body that necessity for the construction of the structures designated by City Councils is necessary for the service, accommodation, convenience and safety of the public.

That the location and design thereof have been properly determined by logical methods.

That the City is amply able financially and duly qualified, subject to the Commission's approval, by the vote of the electors and by

ordinances of City Councils, to embark in this undertaking, and that it is a sound and essential business step for the City to take.

At the present time, owing to the unusual business depression, the cost of materials of construction is lower than it was two or three years ago, and lower than it will doubtless become in the near future; therefore, contracts can be let now at lower prices than will be possible later. Business is increasing in volume. Prices of materials are already advancing and wages will also advance materially. Bidders include a much larger margin for profit in busy times than in slack times, because in slack times they desire to retain their organization, and will therefore be glad to get work with only a small percentage of profit.

Comparison of prices in recent lettings of subway and elevated railroad work in New York as furnished by the Public Service Commission of New York with bids for similar work two or three years ago indicates an advantage at the present time over the earlier and over the probable future rates of from 10 to 22 per cent., and railroad construction work is now being obtained at from 15 to 25 per cent. lower than normal prices which were paid two or three years ago for similar work.

These facts indicate that prompt action on the part of the City in awarding construction contracts for $6,000,000 will result in a material saving, which may amount to $1,000,000 or more.

Therefore, the City prays for permission to proceed at once with the development.

Respectfully submitted,

A. M. TAYLOR, *Director,*
Department of City Transit.

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